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The

Most Frequently

Asked Questions

About the

Certified Public Accountants

Examination

And The

Answers

Revised February 1980

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INTRODUCTION

These questions and answers are based upon Chapter 326 of the Revised Statutes of the State of Missouri and regulations of the Missouri State Board of Accountancy effective January 13, 1979 and amended effective February 11, 1980. The regulations and amendments were filed with the Secretary of State and published in the Missouri Register on January 3, 1979 and February 1, 1980. The questions and answers also include interpretations by the Missouri State Board of Accountancy and other general information available to the Board as of February, 1980.

The Most Frequently Asked Questions About The Certified Public Accountant Examination — And The Answers

- 1. Q. What are the requirements to sit for the CPA exam?
- A. You must meet each of the following requirements at the time you apply:
- a. be a resident of Missouri, have a place of business in Missouri or, as an employee, be regularly employed in Missouri;
 - b. be of good moral character;
- c. hold a baccalaureate degree conferred by an accredited college or university recognized by the board with a concentration in accounting or substantially the equivalent of a concentration in accounting.
- 2. Q. What does the board consider to be substantially the equivalent of a concentration in accounting?
- A. For candidates with a baccalaureate degree other than in accounting, the board requires 24 semester hours or 36 quarter hours of accounting subjects. Six of the 24 semester hours or 9 of the 36 quarter hours may be in business law. The board will not accept as accounting or business law any courses in statistics, data processing or economics. The board retains the right to reject courses if it finds the contents of the courses are not generally considered to be accounting or business law courses.
- 3. Q. What colleges and universities are recognized by the board?
- A. The board accepts any accredited college or university which is recognized by the North Central Association of Colleges and Schools.

4. Q. Do I have to have experience working for a CPA in order to take the exam?

A. No, there is no experience required in order to take the exam or to obtain a certificate. However, in order to obtain a permit to practice you must have 2 years' experience acceptable to the board in the practice of public accounting under the direct supervision of a certified public accountant holding a live permit.

5. Q. May I sit for the exam before I actually receive a baccalaureate degree?

A. If all courses are completed and graded and the degree to be conferred is verified in writing by the college or university prior to March 20 for the May exam or September 20 for the November exam, you will be permitted to sit for the exam.

6. Q. Do I have to be 21 years of age to sit for the exam?

A. No. However, you must be 21 years of age in order to receive a certificate.

7. Q. If my degree is not in accounting, how can I find out in advance if I meet the educational requirements to sit for the exam?

A. You may send a copy of your transcript to the board for evaluation. The board will not respond by telephone to questions requesting evaluation of educational requirements.

8. Q. Can an applicant with a degree from a foreign university qualify to sit for the exam?

A. If you satisfy all other requirements and your degree is from a foreign university, the board will request an evaluation of your transcript by the Foreign Educational Credential Evaluation Committee of the American Institute of Certified Public Accountants. The educational evaluation will determine if your educational background is equivalent to the educational requirements of the Missouri law. There is a \$30 fee for this evaluation which must be paid by the applicant. You should submit a complete application including a certified transcript and a check for \$30 payable to the AICPA at least 4 weeks before the application deadline in order that there will be sufficient time for the evaluation to be completed.

9. Q. When is the exam given?

A. The exam is given in May and November. It is always on Wednesday, Thursday and Friday. The dates of the exam through 1985 are:

1980 — May 7, 8 & 9 and November 5, 6 & 7 1981 — May 6, 7 & 8 and November 4, 5 & 6 1982 — May 5, 6 & 7 and November 3, 4 & 5 1983 — May 4, 5 & 6 and November 2, 3 & 4

1984 — May 2, 3 & 4 and November 7, 8 & 9

1985 — May 8, 9 & 10 and November 6, 7 & 8

10. Q. Where can I get an application?

A. Applications can be obtained from the Missouri State Board of Accountancy, P.O. Box 613, Jefferson City, Missouri 65102, telephone 314/751-2334. Different applications are required for initial examination and re-examination.

11. Q. How do I know whether to submit an initial application or a re-examination application?

A. An initial application should be filed by anyone who will be sitting for the first time as a Missouri candidate. The re-examination application should be filed by anyone who has previously sat for one or more parts of the exam as a Missouri candidate.

12. Q. What are the deadlines for submitting my application?

A. Complete applications must be postmarked by March 20 for the May exam and September 20 for the November exam. Applications postmarked after the deadline and incomplete applications will be returned to you without action by the board.

13. Q. Will the board notify me that it has received my application?

A. No, the board does not acknowledge receipt of applications. If you want to be assured that your application has been received by the board, we recommend that you mail your application by certified mail — return receipt.

14. Q. What constitutes a "complete" application?

A. A complete initial application consists of: the completed application form (with all questions answered) which has been signed, dated and notarized; 3 character reference letters (original, signed letters — not xerox copies); a certified copy of college transcript(s); a recent photograph; and a cashier's check or money order for the appropriate fee. A complete reexamination application consists of: the completed application (with all questions answered) which has been signed, dated and notarized and a cashier's check or money order for the appropriate fee.

15. Q. My college will not give me a certified copy of my transcript. Will you accept a xerox or student copy?

A. The board will accept only a certified copy of the transcript which contains the school's official seal. If the school will not give you a certified copy, have the school send the certified transcript directly to the board. Indicate on your application that the transcript will be sent by the school.

16. Q. Do my application and all of the required attachments have to be sent at the same time? What if I am waiting for a reference letter or my college transcript and there is not time for me to receive it and forward it to the board before the deadline?

A. The board would prefer that the application and the attachments are sent together. However, if you are concerned that you will not make the deadline if you wait for the attachments to be sent to you, have the attachments sent directly to the board and indicate on your application that the attachments will be sent separately.

17. Q. What is the fee to take the exam?

A. You must pay a **non-refundable** fee of \$10 for each part of the exam for which you have not been granted credit by Missouri. In determining the amount of the fee, accounting practice is considered 2 parts. The fee must be paid by certified or cashier's check or money order made payable to the Missouri State Board of Accountancy.

18. Q. Am I required to sit for all parts of the exam?

A. You must sit for all parts of the exam except parts for which Missouri has granted you credit.

19. Q. Can I transfer credit to Missouri for a part of the exam I passed in another state?

A. Missouri will accept credit for 1 or more parts of the exam passed in another state, if you meet Missouri's requirements for granting credit, provided that at the time you took the exam in the other state, you were not a resident of Missouri, did not have a place of business in Missouri or, as an employee, were not regularly employed in Missouri.

20. Q. What do I need to do to transfer credit to Missouri for a part of the exam I passed in another state?

A. You must submit an original, signed letter addressed to the Missouri State Board of Accountancy from the other state board verifying the dates you took the exam and the scores received at each sitting. The board will not accept a copy of your grade letter from the other state board.

21. Q. If Missouri agrees to accept credit for parts of the exam I passed in another state, must I pay the fee for the parts I have already passed?

A. You are required to pay for only the parts of the exam which you are required to take.

22. Q. If I am a graduate from a law school, do I have to take the Law part of the exam?

A. You are not required to take the Law part of the exam if you have been admitted to practice before the Missouri Bar, nor do you have to submit a fee for the Law part of the exam.

23. Q. I am a Missouri resident but I am attending school in another state. May I take the exam in the other state as a Missouri candidate?

A. If you maintain your legal residence in Missouri and meet all other requirements, you can be proctored in another state as a Missouri candidate. You must file an application with this board and indicate either on the front of the application or in a letter where you wish to be proctored. The Missouri Board will make all necessary arrangements with the other board. Your application should be filed 4 weeks prior to the application deadline in order that advance arrangements can be made with the other board.

24. Q. Can a resident of another state take the exam in Missouri under the rules of his home state?

A. Yes, the Missouri board often proctors applicants for other states. You must apply to the state having jurisdiction (not to Missouri) and should notify your state of your desire to sit for the exam in Missouri. Your state will make the necessary arrangements with the Missouri board.

25. Q. How will I know if I have been approved to sit for the exam?

A. You will be notified by letter of your approval or rejection at least 2 weeks before the exam. If your application is approved, you will receive an admission form to the exam. You must bring this admission form with you to the exam.

26. Q. If I am rejected, can I appeal the board's decision?

A. Yes, you have the right to appeal to the Administrative Hearing Commission. If, however, you believe you have additional information which might change the board's decision, you should also contact the board's office immediately.

27. Q. When is the best time to take the exam?

A. You should take the exam as soon as you are eligible. At that time your knowledge, study habits and ability to write good examination papers are at a peak.

28. Q. How should I prepare for the exam?

A. It is recommended that you obtain a copy of "Information for CPA Candidates". This booklet

provides excellent insight into the nature of the exam and is helpful in suggesting the type of preparation that may be necessary. The booklet may be obtained from the American Institute of CPAs, 1211 Avenue of the Americas, N.Y., N.Y. 10036.

29. Q. Are there any basic materials or literature which I should read and become familiar with prior to the exam?

A. You should read the booklet "Information for CPA Candidates" by the AICPA, which gives the scope of the exam, exam techniques and other valuable guidelines for candidates. You should review good intermediate and advanced financial accounting books, auditing texts, cost accounting texts and federal income taxation books. Additionally, you should be thoroughly familiar with AICPA publications, especially Statements on Auditing Standards, Generally Accepted Auditing Standards, Opinions, Statements and Interpretations of the F.A.S.B. and Accounting Research Studies. Recent articles in professional accounting periodicals, particularly the "Journal of Accountancy", also deserve close attention.

30. Q. How can AICPA publications for study be obtained?

A. A list of AICPA publications appears monthly in the "Journal of Accountancy" or a copy of the latest catalog of publications may be obtained by writing directly to the Institute. Both of these listings give the price of the publication and the address where the publication can be ordered. Many accounting firms distribute AICPA publications to their staff or have them available in their libraries.

31. Q. Where can I obtain copies of prior examinations and solutions?

A. Prior examinations and unofficial solutions can be obtained from the American Institute of CPAs, 1211 Avenue of the Americas, N.Y., N.Y. 10036. Many libraries also have copies of the exams.

32. Q. Is a CPA coaching course of much value to me, or is self-study the best method?

A. If you have a good college background and can motivate yourself to concentrated study, a self-study approach would probably be warranted. However, if you have not been exposed to a great deal of theory or auditing techniques in college or cannot study well on your own, then a CPA coaching course has considerable merit.

33. Q. What is the best way of setting up a self-study program in preparation for the exam, and how long in advance should I begin?

A. You need to spend an appropriate amount of time preparing for the exam based on your background and experience. You might wish to devote a minimum of 3 hours of study per week for a period of 20 weeks to prepare for the exam. This could be adjusted for your individual background.

34. Q. What is the nature of the CPA exam?

A. The examining boards of all states, Guam, Puerto Rico, Virgin Islands and the District of Columbia use the examination prepared by the Board of Examiners of the American Institute of Certified Public Accountants.

The exam is designed to test candidates in Accounting Practice, Auditing, Business Law and Accounting Theory. Each exam is 3-1/2 hours in duration except Accounting Practice which consists of 2 parts, each 4-1/2 hours in length. The normal schedule of the exam is:

Wednesday, 1:30 p.m. to 6:00 p.m. - Accounting Practice I

Thursday, 8:30 a.m. to 12:00 noon - Auditing Thursday, 1:30 p.m. to 6:00 p.m. - Accounting Practice II

Friday, 8:30 a.m. to 12:00 noon - Business Law Friday, 1:30 p.m. to 5:00 p.m. - Accounting Theory

35. Q. What is the Board of Examiners?

A. The Board of Examiners of the American Institute of CPAs, under the Institute's bylaws, supervises the preparation of the Uniform CPA Examination and the conduct of the Advisory Grading Service. The Board of Examiners formulates the policies under which the exam is prepared and graded.

The Board is composed of 9 Institute members who have been appointed by the Chairman of the Board of the Institute, subject to approval of the board of directors. Board members are usually appointed for a term of 1 year with expected reappointment for 2 additional years.

Board members are selected for their scholarly attributes because the examination activities which they supervise are essentially scholarly. Many of the board members are eminent educators. So the viewpoint of the entire country is represented, board members are selected from different sections of the country. Both large and small accounting firms are represented to provide the varied background typical of the practice of public accountancy. Many board members have also served on state Boards of Accountancy.

36. Q. Where do the questions come from that appear on the exam?

A. A substantial portion of the examination is prepared by the staff of the examinations division and by consultants who develop questions in specified areas or on designated topics. Consultants, who are usually educators, are selected for their knowledge of examination techniques.

The efforts of the staff and consultants are supplemented by questions and problems contributed voluntarily by accounting professors and practitioners. Contributions which do not immediately fit into the content of an examination under preparation, or which may not be suitable for a complete question, are kept in a stockpile maintained in the Institute offices.

This stockpile is a ready source of ideas and situations from which the staff or consultants can prepare complete questions and problems. Sometimes several contributions on the same subject are combined into one examination question.

- 37. Q. What items can I bring with me into the examination room?
- A. The only aids you are permitted to have in the exam room are pens, pencils and erasers.
- 38. Q. Is it advisable to spend more time on a problem than the maximum time the guide shows if you feel you can complete the problem?
- A. The estimated minimum time and the estimated maximum time a candidate may need for giving adequate answers to each question or group of questions is given in the printed exam. These estimates should be used as a guide for allotment of time. It is recommended that you not spend more than the estimated time on any one question until the others have been completed except when the maximum time has not been used on prior questions.
- 39. Q. If time runs short in solving problems, will I get partial credit for work as presented and for explaining how to complete the problem?
- A. You should avoid explaining how to solve the problem instead of actually solving it in the best way you can. If you cannot complete a solution because of lack of time, points will be given for specific explanations of how you would continue, but full credit cannot be obtained by this procedure.
- 40. Q. Is there a policy concerning the amount of time that should elapse between the issuance of an official accounting or auditing pronouncement and the inclusion in the exam of questions relating to that pronouncement? For instance, if FASB issued a pronouncement in January, 1979, would it be on the May, 1979 exam, the November, 1979 exam or the May, 1980 exam?

A. The policy of the Board of Examiners is that no new accounting and auditing pronouncements will be required to be known by the candidates until one year has elapsed from the time of publication of the new pronouncement. A FASB pronouncement issued in January, 1979 would first be covered on the May, 1980 exam. You should bear in mind, however, that this rule applies only to accounting and auditing pronouncements — knowledge in other areas such as Federal income tax must be up-to-date.

41. Q. Who grades the exam?

A. The examinations are graded by the Advisory Grading Service of the American Institute of Certified Public Accountants.

- 42. Q. Are the results of the exam published? Are the names of the top scorers in the state and nation published?
- A. The board supplies the names of candidates who pass the exam to all major newspapers in the state. The Missouri Society of CPAs also prints these names in its bimonthly newspaper, "The Asset". In addition, publicity on outstanding grades is given at both the state and national level.

43. Q. How and when will I learn the results of the exam?

A. The results of the CPA exam are generally mailed to your home address during the first week of February and August for the November and May exams, respectively. If you move after you take the exam, please notify the board of your new address so there will be no unnecessary delay in receiving the exam results.

- 44. Q. Will I receive a specific numerical score for each part of the exam, or just a "Pass/Fail"?
- A. You will receive the numeric grade for each part.
- 45. Q. If I call the board's office, will you tell me if I passed the exam?
- A. No. By regulation no information pertaining to exam grades can be given over the telephone.
- 46. Q. What are the board's requirements to pass the CPA exam?
- A. In order to pass the CPA exam, you must receive credit for all four parts of the exam. You may pass the exam by receiving a grade of 75% or more on all four parts of the exam at the same sitting. If you do not pass all four parts at the same time, you can still

receive credit under the following conditions:

a. Beginning with the May 1980 exam, the board requires that in order to receive initial credit you must receive a grade of 75% in 2 or more parts of the exam and a minimum grade of 50% in the remaining parts in one sitting. For the purpose of this requirement, accounting practice is considered two parts of the exam.

b. After you have received initial credit, in order to receive additional credit you must receive a grade of 75% or more in at least one part of the exam and a minimum grade of 50% in the remaining parts at the same sitting.

47. Q. If the board does not give me credit for passing a part of the exam, must I retake that part of the exam?

A. Yes, you must take the part again if the board does not grant credit to you for that part.

48. Q. After I receive credit for passing parts of the exam, how long can I keep the credit?

A. Indefinitely.

49. Q. Is there a time limit in which a candidate must receive credit for all parts of the exam?

A. No.

50. Q. Is there any limitations as to the number or re-examinations permitted by Missouri law?

A. No.

51. Q. After I receive credit for all 4 parts of the exam, what else is required to obtain a certificate as a certified public accountant?

A. You must pay a fee of \$10 for engrossing your certificate. The check should be payable to Missouri State Board of Accountancy and should be sent to P.O. Box 613, Jefferson City, MO 65102.

In addition, you must pass an open-book ethics examination prepared by the American Institute of Certified Public Accountants. The board will send you an order blank for ordering the exam directly from the Institute. You should indicate on the order form that you want the results sent to the Missouri Board.

As soon as you have passed all 4 parts of the exam, submitted the engrossing fee and passed the ethics exam, you will be eligible to receive your certificate.

52. Q. Once I have obtained my CPA certificate, may I use the title "certified public accountant"?

A. You may not use the title "certified public accountant" or "CPA" until you hold a live permit issued by the Missouri State Board of Accountancy.

53. Q. What are the requirements to obtain a live permit to practice?

A. In order to obtain a permit you must submit an application for an initial permit, the appropriate fee and a letter from your employer(s) verifying that you have had 2 years' experience in the practice of public accounting under the direct supervision of a certified public accountant holding a certificate and live permit.

54. Q. Can any other experience substitute for public accounting experience?

A. Only one year of public accounting experience is required of an internal revenue agent holding a Missouri certificate who has had at least 4 years experience as an employee of the federal government as an internal revenue agent in the Internal Revenue Service. Two of the 4 years must be certified by a District Director of Internal Revenue Service as having been of field agent experience at the journeyman level, grade GS-512-11 or above, as specified in the United States Civil Service Commission's qualification standard as of December 1, 1975.

55. Q. Does experience gained in private industry qualify me for a permit?

A. No. The statutes specifically state that you must have 2 years' experience in the practice of public accounting under the supervision of a certified public accountant with a live permit.

56. Q. Does an internship count in determining the experience required for a permit?

A. Time spent on an internship with a CPA in public accounting can count in determining the experience requirement if accounting work is performed. The CPA must verify this experience in writing to the board.

57. Q. Will part-time work for a CPA in public accounting count in determining the experience required for a permit?

A. You may count part-time work for a CPA in public accounting toward the 2-year requirement. The board considers 2,000 hours of part-time work to equal 1 year of experience. Your employer(s) must verify in writing to the board the number of hours worked per week. You may not count more than 40 hours in any one week.

58. Q. How soon must I apply for my initial permit?

A. You should apply for a permit as soon as you complete the two years' experience requirement. If your application is not received within 60 days after the date

you qualify for the permit, you will be required to pay the fee plus a penalty of \$5 per month for each month after the 60-day period. The total penalty for any fiscal year may not exceed \$25.

59. Q. What is the fee for a permit?

A. The fee is \$30 plus any required penalty.

60. Q. Who must obtain a permit to practice?

A. Any holder of a certificate who is engaged in public accounting either as an employee or sole practitioner and all Missouri resident partners and shareholders of firms, partnerships and professional corporations are required to obtain a permit.

61. Q. Are there any professional associations I can join after I obtain my CPA certificate?

A. Yes. The Missouri Society of Certified Public Accountants offers two divisions of membership: fellow membership for holders of a CPA certificate and auxiliary membership for non-CPAs working for a public accounting firm. Membership applications can be obtained from the Society, 314 North Broadway, St. Louis, MO 63102. CPAs may also join the American Institute of Certified Public Accountants. Applications can be obtained from the AICPA, 1211 Avenue of the Americas, New York, N.Y. 10036.

62. Q. I have some additional questions about the exam. Who should I contact?

A. Contact the Missouri State Board of Accountancy, P.O. Box 613, Jefferson City, MO 65102, telephone 314-751-2334.